

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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 In re: EPHEDRA PERSONAL INJURY : 04 M.D. 1598 (JSR)
 LITIGATION :
 : ORDER

-----X
 PERTAINS TO ALL CASES

JED S. RAKOFF, U.S.D.J.

The Court has been advised by BALL BAKER LEAKE, LLC, accountants for the Plaintiffs' Common Funds held by the Clerk pursuant to Case Management Order No. 7 ¶ 2(a), that the Funds earned \$196,048 in interest during 2007 and will owe federal income tax of \$14,620.00 payable on March 17, 2008. The accountants state that the Funds will also owe \$19,000 in estimated tax for 2008. Accordingly, the Clerk is directed to issue two checks to the order of the United States Treasury in the amounts of \$14,620.00 and \$19,000.00 and send them by trackable mail or courier to Janice Page CPA, BALL BAKER LEAKE LLC, 122 East 42nd Street, New York, NY 10168, and Ms. Page is directed to forward the checks to the Internal Revenue Service together with the Funds' 2007 tax return and declaration of estimated tax due. These payments are to be disbursed from the Ephedra Plaintiffs' Common Expense Fund.

SO ORDERED.



JED S. RAKOFF, U.S.D.J.

Dated New York, New York
February 15, 2008

| |
|----------------------------|
| USDC SDNY |
| DOCUMENT |
| ELECTRONICALLY FILED |
| DOC #: |
| DATE FILED: <u>2-26-08</u> |

1120-SFForm (Rev. February 2007)
Department of the Treasury
Internal Revenue Service**U.S. Income Tax Return for Settlement Funds
(Under Section 468B)**

OMB No. 1545-1394

For calendar year 2007

| | | |
|----------------------|---|--|
| Please Type or Print | Name of fund EPHEDRA PLAINTIFF'S COMMON BENEFIT FUNDS | Employer identification number of fund (see instructions) 20 2037564 |
|----------------------|---|--|

Number, street, and room or suite no. (If a P.O. box, see instructions.)

C/O BALL BAKER LEAKE LLC, 122 E 42ND ST, SUITE #810

City or town, state, and ZIP code

NEW YORK, NEW YORK 10168

Name and address of administrator (defined on page 3 of the instructions)

JAMES NISS, SPECIAL MASTER; JAMES.NISS@VERIZON.NETCheck applicable boxes: (1) Final return (2) Name change (3) Address change (4) Amended return**Part I Income and Deductions (see instructions)**

| | | |
|------------|--|----------------------|
| Income | 1 Taxable interest | 1 196,048 00 |
| | 2 Dividends | 2 |
| | 3 Capital gain net income (attach Schedule D (Form 1120)) | 3 |
| | 4 Items of income or gain from a partnership interest | 4 |
| | 5 Other income (attach schedule) | 5 |
| | 6 Gross Income. Add lines 1 through 5 | 6 196,048 00 |
| Deductions | 7 Trustee/administrator fees. | 7 117,924 00 |
| | 8 Taxes | 8 |
| | 9 Accounting and legal services (attach schedule) | 9 14,916 00 |
| | 10 Notification of claimants and claim processing expenses | 10 |
| | 11 Other deductions (attach schedule). | 11 9,721 00 |
| | 12 Net operating loss deduction | 12 |
| | 13 Total deductions. Add lines 7 through 12 | 13 142,561 00 |

Part II Tax Computation (see instructions)

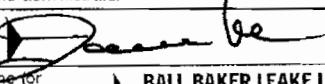
| | | |
|--|--|--------------|
| 14 | Modified gross income. Subtract line 13 from line 6 | 14 53,487 00 |
| | 15 Total tax. Enter 35% of line 14 | 15 18,720 00 |
| 16 Credits and payments: | | |
| a Overpayment from prior year allowed as a credit | 16a 4,100 00 | |
| b Current year estimated tax payments | 16b | |
| c Refund of overpaid estimated tax applied for on Form 4466 | 16c | |
| d Subtract line 16c from the total of lines 16a and 16b. | 16d 4,100 00 | |
| e Tax deposited with Form 7004 | 16e 0 00 | |
| f Total credits and payments (add lines 16d and 16e) | 16f 4,100 00 | |
| 17 Estimated tax penalty (see page 4 of instructions). Check if Form 2220 is attached ► <input type="checkbox"/> | 17 | 0 00 |
| 18 Tax due. If the total of lines 15 and 17 is more than line 16f, enter amount owed | 18 14,620 00 | |
| 19 Overpayment. If line 16f is more than the total of lines 15 and 17, enter amount overpaid | 19 | |
| 20 Enter amount of line 19 you want: Credited to next year's estimated tax ► _____ Refunded ► _____ | 20 | |

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here

► Signature of fund administrator Date Title

May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

| | | | | |
|--------------------------------|---|----------------------------|--|------------------------|
| Paid Preparer's Use Only | Preparer's signature  | Date 2/23/08 | Check if self-employed <input type="checkbox"/> | Preparer's SSN or PTIN |
| | Firm's name (or yours if self-employed), address, and ZIP code ► BALL BAKER LEAKE LLC 122 E 42ND STREET, #810, NY, NY 10168 | EIN 14 1845945 | | |
| | | Phone no. (212) 661-1630 | | |

| Schedule L Balance Sheets | | (a) Beginning of year | (b) End of year |
|----------------------------------|--|------------------------------|------------------------|
| | Assets | | |
| 1 | Cash | 1 2,772,297 | 10,101,837 |
| 2 | U.S. Government obligations | 2 | |
| 3 | State and local government obligations | 3 | |
| 4 | Other investments (attach schedule) | 4 | |
| 5 | Other assets (attach schedule) | 5 11,414 | 16,025 |
| 6 | Total assets. Add lines 1 through 5 | 6 2,783,711 | 10,117,862 |
| | Liabilities and Fund Balance | | |
| 7 | Liabilities | 7 16,852 | 142,350 |
| 8 | Fund balance | 8 2,766,589 | 9,975,512 |
| 9 | Total. Add lines 7 and 8 | 9 2,783,711 | 10,117,862 |

Additional Information**Yes** **No**

1a Enter the amount of cash and the fair market value of property, valued at the date of the transfer, transferred to the fund during the tax year \$ 7,313,786

b For transfers of property included on line 1a, attach a copy of each qualified appraisal and the statements received from a transferor under Regulations sections 1.468B-3(b) and 1.468B-3(e).

c Were amounts transferred to the fund during the tax year by a person other than a transferor? ►

2 Enter the amount of tax-exempt interest received or accrued during the tax year \$

3a Were direct and indirect distributions made to claimants during the tax year? ►

b If "Yes," enter the amount of the total distributions. \$

4a Did the fund make any distributions (including deemed distributions) to a transferor or related party during the tax year? ►

b If "Yes," enter the amount of the total distributions and attach a statement showing the name, identifying number, and the amount of distributions to each transferor or related party. \$

5a Check the type of liability (or liabilities) for which the fund was established.

Tort

Breach of Contract

Violation of Law

CERCLA

Other

b If "Other" is checked, enter the percent (by value) of the assets of the fund that are allocated to the "Other" liability ► %
Attach a statement describing the type of liability (or liabilities).

6 If the fund was established by a court order, enter the Court Order Number under which the fund was established

EPHEDRA PLAINTIFF'S COMMON BENEFIT FUNDS
EIN# 20-2037564
2007 FORM 1120-SF
ACCOUNTING SERVICES

Page 1, Part I, Line 9:

Ball Baker Leake LLC

| | |
|----------------------|------------------|
| Fees paid in 2007 | \$ 12,384 |
| Fees accrued in 2007 | <u>2,533</u> |
| Total 2007 fees | <u>\$ 14,916</u> |

EPHEDRA PLAINTIFF'S COMMON BENEFIT FUNDS
EIN# 20-2037564
2007 FORM 1120-SF
OTHER DEDUCTIONS

Page 1, Part I, Line 11:

| | |
|---------------------------------|-----------------------|
| Telephone | \$ 223 |
| Postage & Delivery | 354 |
| Meeting | 1,067 |
| Meals & Entertainment | 599 |
| Travel | 7,760 |
| Internet | 17 |
| | <hr/> |
| Less: 50% Meals & Entertainment | 10,020 <hr/> (299) |
| Total Other Deductions | <hr/> \$ 9,721 |

**EPHEDRA PLAINTIFF'S COMMON BENEFIT FUNDS
EIN# 20-2037564
2007 FORM 1120-SF
OTHER ASSETS**

Page 2, Schedule L, Line 5:

| | |
|--|-------------------------|
| Reimbursement of Special Master's fees | \$ 2,247 |
| Due from IRS | 13,260 |
| Interest Due from IRS | <u>518</u> |
| TOTAL OTHER ASSETS | \$ <u>16,025</u> |

EPHEDRA PLAINTIFF'S COMMON BENEFIT FUNDS
EIN# 20-2037564
2007 FORM 1120-SF
LIABILITIES

Page 2, Schedule L, Line 7:

Accrual:

| | | |
|--------------------------|-----------|-----------------------|
| Accounting Fees | \$ | 2,533 |
| Special Masters Fees | | 8,077 |
| Admin Fees | | 107,100 |
| Admin Expenses | | <u>10,020</u> |
| | | 127,730 |
| Taxes | | <u>14,620</u> |
| TOTAL LIABILITIES | \$ | <u>142,350</u> |